

# METROPOLITAN AIRPORTS COMMISSION



## Strategic Plan 2011—2015



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## Introduction

### *To the Public:*

Thank you for your interest in the Metropolitan Airports Commission's 2011-2015 Strategic Plan. Careful planning is always important, and never more so than during periods of significant changes in the economy and the industry. The plan before you recognizes the need to adjust to those changes and to capture opportunities to strengthen and grow air service in the region.

From a financial perspective, we need to redesign the terminal rate structures for airlines operating at Minneapolis-St. Paul International Airport (MSP), review the existing financial model for our reliever airport system, and develop methodologies for estimating life-cycle operational costs when considering capital and technology improvements.

Our vision is to provide customers the best airport experience in North America. To achieve that, we need to work with the Transportation Security Administration to smooth the introduction of new security screening technologies and to keep checkpoint wait times to a minimum. In addition, we need to begin conducting the market research necessary to plan long-term improvements to MSP's award-winning food, retail and service offerings.

MSP is among the most efficiently operated large airports in the nation thanks to prudent financial management and a highly skilled, productive staff. We need to explore cost-effective ways of furthering employees' development and managing talent within the Metropolitan Airports Commission. At the same time, we want to better coordinate and enhance communications with our stakeholders and partners.

Finally, we must consider all the business needs to be addressed as we prepare to implement long term comprehensive plans for our airports. Forecasts suggest 56 million people will travel through MSP in 2030, up from 33 million in 2010. The long term comprehensive plan outlines \$2.4 billion in airport improvements to ensure MSP continues to meet the air transportation needs of our community for decades to come. Careful preparations in 2011 will help ensure the plan fully addresses the needs of our airport business partners as well as of the community as a whole.

We look forward to implementing the 2011-2015 Strategic Plan over the next five years and to meeting the growing air service needs of the region.

Sincerely,



*Daniel Boivin*  
**Chairman**

A handwritten signature in blue ink that reads "Daniel Boivin".



*Jeff Hamiel*  
**Executive Director**

A handwritten signature in blue ink that reads "Jeff Hamiel".

***“To give our customers the best airport experience in North America!”***

- Our vision applies to:
  - MAC as an Organization
  - MSP and the Reliever Airports
  - All of our Customers:
    - The Traveling Public
    - Regional Businesses
    - Airport Tenants and Concessionaires
    - The Airline Industry
    - General Aviation
    - The Citizens of the Region
- Our vision guides our priorities, decision making and actions as we move forward.



## Our Mission

***“We provide and promote safe, convenient, environmentally sound and cost-competitive aviation services for our customers.”***

### ***Provide***

Our mission is to provide and maintain airport facilities and services that meet the needs of our community.

### ***Promote***

Our mission is to promote the use of airport facilities and services in ways that drive regional economic development.

### ***Safe***

Our mission is to provide a safe and secure airport environment throughout our system of airports.

### ***Convenient***

Our mission is to ensure that our facilities are easily accessible and convenient for all.

### ***Environmentally Sound***

Our mission is to be environmental stewards of these public assets.

### ***Cost Competitive***

Our mission is to provide products and services at competitive prices.

### ***Aviation Services***

Our mission is to provide and maintain an airport infrastructure that supports the national system of air transportation.

### ***Our Customers***

Our mission is to balance the often competing needs of our customers:

- The Traveling Public
- Regional Businesses
- Airport Tenants and Concessionaires
- The Airline Industry
- General Aviation
- The Citizens of the Region

## Our Values

### *Integrity*

- We do business in an honest, fair, open, and respectful manner.
- We live up to our responsibilities, meet our objectives, and fulfill our commitments.
- We maintain our credibility through timely communication with customers, employees and stakeholders.
- We instill confidence in all who deal with our organization that we can be depended upon to act with the highest moral and ethical standards.

### *Fiscal Responsibility*

- We make sound financial decisions that balance the interests of the organization, community, partners, stakeholders, and customers.
- We make decisions that help to drive the economic vitality of this region.
- We maintain policies to provide adequate revenues to operate without general tax support or the exercising of our authority to levy taxes.

### *Innovation and Excellence*

- We seek creative and innovative solutions to complex challenges.
- We set high standards in all aspects of our organization and focus on continuous improvement.

### *Commitment to the Community and the Environment*

- We are responsive to the environmental concerns of the community.
- We demonstrate leadership in sound environmental management.
- We promote open and honest communication about environmental concerns.

### *Teamwork*

- We reach common goals through strong relationships based on trust.
- We commit ourselves to open and respectful communication.

### *Employees*

- We value our employees for their skills and abilities, ethical behavior, diversity, creativity, innovation, and sound judgment.
- We provide our employees with rewarding work, opportunities for professional growth and an appreciative work environment based on trust, respect for each other and open communication.

## Our Critical Issues

### *Addressing the Impacts of a Sluggish Economy on the Industry*

**Challenge:** MAC's challenge is to successfully operate the organization under the financially restrictive conditions while meeting the expectations of our customers and maintaining the current infrastructure.

**Implication:** Our operating budget needs to adequately fund organizational priorities while balancing long term financial objectives.

### *Diversifying Our Revenue Streams*

**Challenge:** The economics of the airline industry calls for the diversification of MAC's portfolio to be less reliant on limited sources of revenue.

**Implication:** MAC needs to focus on ways/methods to capture alternative revenue sources for both MSP and the Reliever Airports.

### *Transitioning the Organization through Changes in Leadership*

**Challenge:** A majority of the executive leadership team is eligible to retire during the life of this plan. Retirements will also take place in a number of key technical and professional positions. We must remain a high performing organization as these transitions occur.

**Implication:** MAC needs to ensure transition plans are created as needed, develop internal talent, recruit/select the successful candidates and facilitate the integration into their new role.

### *Nurturing MAC's Organizational Culture*

**Challenge:** MAC's organizational performance and success is largely attributable to the internal culture based on trust, respect and commitment.

**Implication:** MAC needs to affirm the organization's culture and develop strategies to build upon this solid foundation.

### *Maintaining Current and New Infrastructure*

**Challenge:** The investments made in the public assets of MSP and the Reliever Airports need to be maintained and preserved.

**Implications:** MAC needs to budget sufficiently for the operational expenses of our existing facilities and include life cycle costs with the development plans during the CIP process.

### *Leveraging Technology*

**Challenge:** MAC is challenged to get more done with less through the use of technology.

**Implication:** MAC needs to take advantage of the investments we have made in resources and make strategic decisions on the acquisition and use of new technology.

### *Planning/Strategizing for the Financing and Implementation of the 2015 LTCP*

**Challenge:** How/When to commit to construction given the state of the industry and the need for approximately 3 1/2 years from project initiation to opening of facilities.

**Implication:** MAC needs to focus on budget, environmental approvals, getting the carriers on board and authorization from the Commission.

## Our Strategic Goals

### ***Assure Financial Viability***

Ensure MAC has the financial resources necessary to operate our airport system and meet all debt service obligations in any scenario and maintain our existing bond ratings.

### ***Provide a Great Customer Experience***

Ensure that all our customers - the Traveling Public, Regional Businesses, Airport Tenants and Concessionaires, the Airline Industry, General Aviation and the Citizens of the Region - have the best airport experience in North America.

### ***Match Employee Talent with Changing Business Needs***

Make sure that the right people with the right skills and experience are in the right place to fulfill MAC's mission and achieve our vision.

### ***Leverage Resources and Technology***

Take full advantage of resources and technology to improve performance, increase productivity and deliver cost-effective services.

### ***Strengthen Partnerships and Relationships***

Expand effectiveness through internal teamwork and strengthening external relationships and partnerships with tenants, concessionaires, airlines, neighboring communities, regional businesses, and governmental agencies.

## Our 2011 Key Initiatives

### *Strategic Goal: Assure Financial Viability*

#### *2011 Key Initiatives:*

- *Incorporate life-cycle operational costs into CIP and technology budgeting.*

**Outcome:** Broad understanding of and support for the long-term operational budget implications of CIP projects and technology purchases.

**Budget Impact:** Identification of long term operational costs.

- *Review existing Reliever Airport financial model.*

**Outcome:** Sustainable reliever financial model developed.

**Potential Cost:** \$30,000

- *Develop Terminal 1 & 2 rates and charges approach.*

**Outcome:** A redesigned rate structure.

**Potential Cost:** \$100,000

### *Strategic Goal: Provide a Great Customer Experience*

#### *2011 Key Initiatives:*

- *Partner with TSA at the local and national level to ensure the smooth introduction of new checkpoint technologies.*

**Outcome:** MSP customers experience fifteen minute maximum wait time during peak demand periods.

**Potential Cost:** \$10,000

- *Conduct comprehensive market research for the concessions bid process.*

**Outcome:** Clearly defined research-based strategy for the MSP's concessions program.

**Potential Cost:** \$70,000

## Our 2011 Key Initiatives

### *Strategic Goal: Match Employee Talent with Changing Business Needs*

#### *2011 Key Initiative:*

- *Expand employee development and talent management plans.*

**Outcome:** Success profiles identified by management level. Talent reviews, employee development and/or knowledge transfer plans in place for the highest priority positions.

**Potential Cost:** \$50,000

### *Strategic Goal: Leverage Resources and Technology*

#### *2011 Key Initiative:*

- *Develop initial LTCP implementation plans.*

**Outcome:** A clear definition of the business needs to be addressed by the LTCP and a more defined implementation timeline

**Potential Cost:** Capital Budget

### *Strategic Goal: Strengthen Partnerships and Relationships*

#### *2011 Key Initiative:*

- *Implement a MAC stakeholder and partnership communications matrix.*

**Outcome:** A knowledge management process implemented for key stakeholders and partners.

**Potential Cost:** \$5,000

## Our Key Areas of Performance



# Our Results Indicators

## Safety

<b>MSP Runway Incursions &amp; Airfield Violations</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Airfield Operations Area (AOA Violations)	3	13	5	2	2
Citations Issued	35	43	79	58	34
Warning Citations Issued	56	47	35	6	8
Runway Incursions	1	0	0	0	2

<b>Reliever Airport Runway Incursions</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Runway Incursions	2	2	4	10	17

<b>Employee Accidents &amp; Incidents</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Employee Injuries	91	107	84	71	62
OSHA Recordable Injuries	29	34	28	24	23
Injuries Per FTE	0.15	0.19	0.15	0.12	.11
Lost Work Days Per FTE	0.69	0.41	0.33	0.05	.06
Workers Comp Experience Rating Modification Factor	0.86	1.05	0.97	0.92	0.71
MAC Vehicle Accidents	64	50	37	35	31

<b>Airport User Accidents &amp; Incidents</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Claims Cost Per Million Enplaned Passengers	\$7,944	\$12,095	\$15,614	\$13,813	\$19,611
Number of Accidents & Incidents	294	186	205	172	165

## Security

<b>Security Breaches &amp; Violations</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Failure to Display Security Badge	13	11	12	6	1
Piggybacking	26	17	9	17	6
Failure to Challenge	45	56	87	217*	82

\*This upward spike is due to "focused detail" in the Aviation Security Division in 2008.

# Our Results Indicators

## Financial Responsibility

Cost Performance	2005	2006	2007	2008	2009
Operating Cost Per Enplaned Passenger	\$6.18	\$6.51	\$7.35	\$7.74	\$7.94
Operating Cost Per Enplaned Passenger (with depreciation)	\$11.50	\$12.89	\$14.14	\$14.91	\$15.85
Airline Operating Expense Per Enplaned Passenger	\$5.06	\$5.23	\$5.21	\$5.56	\$6.04

Debt Management	2005	2006	2007	2008	2009
Senior Debt Service Coverage	2.03x	2.14x	2.30x	2.26x	2.26x
Long Term Debt as % of Total Assets	56.4%	51.1%	48.2%	48.13%	48.08%
Debt Service as % of Operating Revenue	56.3%	57.7%	58.9%	57.7%	59.4%

MSP Revenue Performance	2005	2006	2007	2008	2009
Operating Revenue Per Enplaned Passenger	\$12.56	\$14.56	\$14.04	\$14.74	\$15.49
Non-Aeronautical Revenues as % of Operating Revenue	51.5%	59.1%	64.1%	64.4%	59.9%
Reliever Airports Revenue Performance	2005	2006	2007	2008	2009
Annual Reliever Model Net Revenues *	-	\$249,784	\$339,149	\$1,543,631	(452,884)
Cumulative Reliever Model Net Revenues	-	\$249,784	\$588,930	\$2,132,562	\$1,679,678

Operating Performance	2005	2006	2007	2008	2009
Operating Income before Depreciation (in millions)	\$115,251	\$112,493	\$113,609	\$114,819	\$117,442
Revenue-to-Expenditure Ratio	1.09	1.13	0.99	0.99	0.98

Disadvantaged Business Enterprise	2005	2006	2007	2008	2009
% of Concession Dollars October — September	9.8%	22.5%	21.4%	12.4%	10.8%

\* Non-Aeronautical Revenue includes ball field, golf course and farm rent.  
Reliever Model projected to go negative in 2012.  
Increase in 2008 is due to net gain on sale of hangar facility at St. Paul.

\* Unaudited results

# Our Results Indicators

## Airport Operations

<b>MSP</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Enplaned Passengers Per FTE	32,288	32,138	32,415	30,511	29,453
Operations Per FTE	971	890	862	838	819
<b>Reliever Airports</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Operations Per FTE	21,577	21,718	17,249	16,342	14,994
Tenants per FTE	30.3	33.4	30.9	30.9	30.9
Based Aircraft Per FTE	67.7	72.3	66.2	63.0	58.9

## Airport Development

<b>Disadvantaged Business Enterprise</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
% of Construction Contract \$ October—September	16.6%	8.9%	6.6%	10.8%	8.2%
<b>Targeted Group Business</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
% of Total Construction Contract \$ (July—June)	5.2%	2.8%	2.5%	2.9%	6.4%

# Our Results Indicators

## People

People	2005	2006	2007	2008	2009
Overtime as % of Total Wages	10.9%	8.6%	11.4%	10.1%	8.3%
Operating Revenue Per Employee	\$410,190	\$447,973	\$433,578	\$427,529	\$424,076
Operating Expense Per FTE	\$202,276	\$200,229	\$226,828	\$224,310	\$217,307
Personnel % Total Operating Expense	28.5%	24.3%	23.5%	24.5%	24.1%
Terminal Square Feet Per FTE	5,566	5,551	5,641	5,487	5,700
Airfield Pavement Square Feet Per FTE	3,418	3,402	3,464	3,375	3,430
Employee Job Satisfaction (Scale 1-6)	4.8	4.8	4.73	4.95	4.9
Annual Employee Turnover	7.45%	4.11%	7.06%	4.96%	3.36%
Affirmative Action % of Workforce					
Female	22.7%	23.8%	24.4%	25.0%	24.6%
Minority	9.0%	9.6%	8.9%	8.8%	8.6%
Disabled	1.8%	2.1%	2.5%	NA	NA

## Environmental Stewardship

Environmental	2005	2006	2007	2008	2009
Violations Identified by a Regulatory Agency	1	0	0	0	0
Reduction in Discharged De-Icing Material to River	83%	79%	87%	81%	82%

## Customer Service

Customer Service	2005	2006	2007	2008	2009
Airport Service Performance Rating *	3.87	3.82	4.08	4.17	4.18
Complaints Per 100,000 Passengers	1.02	1.40	1.59	1.72	1.61

## Our 2012-2015 Long Range Plans

### *PHASE I: 2010 - 2015*

#### *Proposed 2010-2015 Capital Improvements by Airport*

##### *Minneapolis Saint Paul International Airport*

- Completion of Noise Mitigation work in compliance with the Consent Decree
- Complete Environmental Assessment for MSP LTCP Phases 1 and 2
- Terminal 1 – Lindbergh
  - Construct second In-Line Baggage Screening Location
  - Replace Jet Bridges
  - Baggage Claim/Baggage Make-up Remodel
  - Begin work on Lindbergh Terminal Improvements in Ticketing and on the E Concourse
  - Initiate G Concourse Tram Procurement
- Terminal 2 - Humphrey
  - Construct second Checkpoint
  - Construct In-Line Baggage Screening System
  - Initiate Construction of Terminal Expansion
    - Construct 17 new gates including jet bridges, apron improvements, hydrant fueling, and site utility improvements
    - Auto rental facility
    - Parking Expansion
    - Roadway system improvements including 34<sup>th</sup> Ave/1-494 interchange improvements

##### *Reliever Airports*

- Airlake
  - Complete the south hangar area to accommodate the 2025 needs
- Anoka
  - Xylite street relocation
  - Taxiway Charlie extension
- Crystal
  - Complete Environmental Assessment for LTCP proposed runway modifications
  - Reconstruction of runway 14L-32R
  - Reconstruction of the runway 14R-32L pavement into a taxiway
- Flying Cloud
  - Modify the south end of 18-36 and extend runway to the north for full 2,800 feet, upgrade runway lights and circuit.
  - Construct East/West perimeter road
- Lake Elmo
  - Reconstruct the existing primary runway 14-32
  - Provide additional runway length as recommended in the LTCP
  - Provide additional hangar space as recommended in the LTCP
- St Paul
  - Terminal sub drain
  - Electrical vault improvements
  - Pavement rehabilitation work

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